UCLA

Center for

Corporate

Environmental

Performance

UCLA Institute of the Environment

The Ambrose Hotel:

Eco-labeling Strategies for Sustainable Lodging[1]

"The Ambrose is committed to protecting our environment and preserving our precious natural resources. By going 'green,' we make a promise to promote a lifestyle that ensures our environmental impact on the world around us is minimal and as positive as possible."[2]

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[1] This case was prepared by Roberto Firmani and Nurit Katz under the supervision of Professor Magali Delmas and Professor Charles Corbett.

[2] Quote from Ambrose Mission Statement, http://www.ambrosehotel.com/green.shtml

Introduction

Looking out over the ocean in Santa Monica, California, Deirdre Wallace, founder and president of the Ambrose Hotel Collection paused to reflect on the environmental initiatives of her company. To Wallace, going green was not something she tacked on as a side program, nor was it just for show, it was something she had built into the very core values of her business. Her experience in the hospitality industry and her love of the outdoors had led her to create a sustainable business from the ground up.

Shortly after opening the Ambrose boutique hotel she worked with a California non-profit called Sustainable Works on a comprehensive business greening program. Wallace and her staff addressed hotel practices from bottom to top: from cleaning supplies to lighting, they tackled all the low hanging fruit. Now the question she faced was how to communicate these initiatives to her customers.

She thought about how she made her choices to buy environmentally responsible goods. When she went shopping for produce she looked for the "organic" label, and when buying coffee she bought "Fair Trade." Most consumers don't have time to research the details of a company's environmental initiatives, and her hotel guests were no different. Some companies decided that labeling or certification was too costly and chose to use words like "natural" instead, but Wallace felt this hurt credibility. She wanted her customers to know that she was serious about going green. Many hotels were claiming to be green, but did not have the depth or scope of initiatives of the Ambrose. Others were just "greenwashing."[3] So what type of labels or certifications were available for a hotel? What would it cost? Would it be worth it?

Background

The Ambrose Hotel Collection

Based in Los Angeles, California, The Ambrose Hotel Collection was an eco-boutique hotel development and management company with 35 employees. In 2003 it opened its first property in Santa Monica, the Ambrose Hotel (**Exhibit H**):

> This 77-room boutique hotel in the heart of Santa Monica's residential district is an eco-friendly, 20th century Craftsman-style building with an Asian flair, complete with koi pond and fountains. The rooms are small but cozy and come with Frette linen kimonos and Aveda bath products. It's also located just five minutes from the hip Santa Monica shopping districts, including the 3rd Street Promenade and Montana Avenue.[4]

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[3] "Greenwashing" is a term used to describe the perception of consumers that they are being misled by a company regarding the environmental practices of the company or the environmental benefits of a product or service. (Wikipedia, http://en.wikipedia.org/wiki/Greenwash; 11/24/08)

[4] From the article "Top 10 Value Hotels Worldwide"
http://www.gayot.com/hotels/bestof/10best_valuehotels_intheworld.html

The approach to hospitality of the Ambrose Hotel centered on a deep commitment to both guest satisfaction and environmental preservation. It sought to provide holistic hospitality through a combination of luxury, culture, high design and sustainability, with an objective of making responsible lifestyle choices without sacrificing comfort or style. Business guests accounted for 40% of its clientele, while leisure guests were the main consumer target. During the summer months, almost all rooms were filled with leisure and vacation guests.

Deirdre Wallace

For Wallace, the founder and president of the Ambrose Hotel Collection, her interest in the environment sprung from her experiences as a child, her travels in Asia, her love of the outdoors (surfing), and her time working for her father's company, MOA Hospitality, which owned several popular hotel chains including Best Western, Comfort Inn, Days Inn, Howard Johnson, Ramada Limited, Super 8, and Travelodge.

Wallace joined MOA Hospitality in 1998 and was responsible for directing property renovations and implementing enhanced operational procedures.[5] In 2000, after proving her ability to enhance the company's portfolio, she was promoted to director of new development. She created the concept for the Ambrose Hotel for MOA and oversaw all phases of design, construction, and operations. "While with MOA, I became aware of the gap in the market for affordable luxury and healthy hotels," Wallace said. Many of the motels she saw were affordable, but did not convey the healthy, clean, and peaceful atmosphere she wanted to create. "I began researching and learning more about sustainable practices. I realized I needed to run my hotel as sustainably as possible."[6]

When asked whether she envisioned a "green hotel" from the beginning, she explained, "I actually envisioned a 'healthful' hotel! Once we opened, I sort of dove into green building as a direction in which to take the company and this hotel. There really was no other option for me."[7] In order to surpass industry standards in eco initiatives, and to offer the greenest service possible, the company focused its attention on state-of-the-art environmental practices. "There's an emerging green style," she said, but added, "Simply not washing sheets and towels does not cut it."[8]

Wallace began the hotel's green conversion the year after it opened. "We were nervous about how guests would react," she said, "but they were relieved. People have been recycling at home for 10 years, so why not in a hotel?"[9]

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[5] http://www.ambrosehotel.com/pressroom_pr_7.shtml

[6] http://www.ambrosehotel.com/pressroom_pr_7.shtml

[7] http://www.ambrosehotel.com/press_pdf/natural_living.pdf

[8] From the article "Pleasure without Guilt: Green Hotels with Comfort" http://travel.nytimes.com/2007/12/28/travel/escapes/28greenhotels.htm

[9] From the article "Pleasure without Guilt: Green Hotels with Comfort" http://travel.nytimes.com/2007/12/28/travel/escapes/28greenhotels.htm

Green Initiatives

Wallace's food and beverage director, Anne Carmack, was passionate about sustainability and began to take a lead on the green initiatives. Carmack was a photographer and creative writer who started to work for the Ambrose at the front desk. She was excited to take on additional responsibilities and use her creative skills in developing new environmental initiatives for the Ambrose.

The Ambrose participated in the Sustainable Works' Business Greening Program, and conducted a thorough audit of the hotel.[10] As a result, the hotel incorporated environmental stewardship by recycling and composting over 60% of its waste output and cleaning guest rooms with non-toxic biodegradable cleaners. It stocked mini-bars and guestrooms with natural, earth-friendly products; purchased locally when possible to support Santa Monica's economy; and promoted alternative transportation through rentals of beach cruiser bicycles and rides in a biodiesel-powered London-style taxi for guests.[11] It also began donating regularly to non-profit organizations, and highlighted their accomplishments in the hotel's monthly e-newsletter.[12]

Additional eco-friendly improvements in the property included installing energy-efficient lighting and appliances, economical ventilation equipment, and low-flow sprinklers; switching to nontoxic cleaning products, paints and sealants; and buying part of its power from sustainable wind projects. It recycled, composted and stopped using disposable dishes and cups; and provided nourishment through locally grown and organic foods through a partnership with Urth Caffe company.[13] An innovative guest loyalty program encouraged thoughtful global citizenship by rewarding conservative energy use. The hotel expressed appreciation of the local community through charitable service and philanthropic donations.[14]

Through these efforts, the Ambrose received a number of environmental awards and green initiatives such as: Sustainable Quality Award Grand Prize Winner 2006; Google Green Drummer Recognition 2006; Sustainable Works Green Business Program Certification; Green Hotel's Association Member; United States Green Building Council Member; State of the art Ecologic Internal Operations; Staff and Guest Awareness; and Community Service for Sustainability. In addition to these external recognitions, the greening of the Ambrose had direct positive effects on costs and the morale of its employees. For example, the housekeeping staff reported fewer headaches and allergies since switching to the non-toxic, green cleaning products. In addition, some of these

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[10] Sustainable Works is a non-profit environmental education organization. Sustainable Works is a project of Community Partners, funded by the City of Santa Monica's Sustainable City Plan, the program participants, grants and donations, and from in-kind services from Santa Monica College. http://www.sustainableworks.org/

[11] http://www.ambrosehotel.com/about.shtml

[12] http://www.smgbc.org/participants.htm - ambrose

[13] http://www.urthcaffe.com/

[14] http://www.ambrosehotel.com/about.shtml

environmental initiatives resulted in tangible monetary savings. For example, the water conservation program reduced the water bill by 26% (see **Exhibit D**).

To highlight its eco-commitment, Wallace appointed an environmental advisor with a specific consulting function in green operations to be part of the management board.

Ambrose Organization

The objective of the Ambrose Hotel Collection was to create uniquely crafted hotels that penetrated the market by embodying the company's core values - among them, sustainability, comfort, authenticity, integrity, inspiration, and community – while capturing an underserved segment of the market.

In early 2007, Wallace appointed John Strozdas as the general manager of the Ambrose Hotel and the chief operating officer (COO) of the Ambrose Collection.[15]

As the general manager of the hotel, Strozdas' principal responsibility was to create and oversee operational procedures to maximize return on investment. He also oversaw property management, food and beverage management, human resources (which included its 35 employees[16]), marketing, financial reporting, and design consultation for new projects.

Strozdas joined the Ambrose Collection after operating his own hospitality consultancy for a stable of clients including Le Meridian. He also served as director of operations for Armani Hotels and Resorts. Previously, as vice president of operations of the Americas for Mandarin Oriental Hotel Group, he was the operational interface for the five-star brand's expansion into the U.S., overseeing the development of its $250 million flagship hotel in New York and the concept and design of the award-winning Azul at the Mandarin Oriental, Miami.

Regarding the Ambrose cost structure, 25% of the room revenues were spent on direct room expenses such as maids and front desk staff; and 27% was spent on utilities, administrative costs, sales and marketing, and insurance. This meant that the Ambrose had a 48% profit before debt services and taxes, which was 25% above the industry norm. As Strozdas explained, "We run a very lean operation. Also, because we are based in Santa Monica, we are able to charge a higher room rate than if we were located in Ohio, for example." The average room rate was $217 in 2007. The occupancy rate reached 89% in the hotel's third year of operation. This was also higher than the industry

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[15] Other key employees of the Ambrose collection included Hank Warner, the vice president of development, and Shannon Colburt, the director of sales and marketing.
[16] These include the front of house manager in charge of the front desk, food service, housekeeping, engineering and maintenance. There is one executive housekeeper, one chief engineer, one reservation manager, one director of sales and marketing, one sales manager, and one controller.

norm of 70%. The debt service and the taxes associated with the hotel were dealt with by MOA Hospitality, the owner of the hotel.

The U.S. Hotel Industry

In 2007, the hotel industry was comprised of approximately 55,000 properties and 4.5 million rooms, accounting for $133.4 billion in sales revenues.[17] Common American hotel classifications included commercial hotels, airport hotels, conference centers, economy hotels suite or all-suite hotels, residential hotels, and casino hotels.

As shown on **Exhibit A**, hotel performance in the U.S. had improved significantly from 2002 to 2006, but the forecast for 2007 anticipated a sharp decline. Hotels provided 1.8 million wage-and-salary jobs in 2006. In addition, there were about 40,000 self-employed and unpaid family workers in the industry working in bed-and-breakfast inns, camps, and small inns and hotels.[18]

Also shown on **Exhibit A**, the profile of U.S. travelers was marked by several important characteristics: travelers, on average, had higher income and education levels than the average U.S. population; the majority of them were married; and their average age was 46 years.

Environmental Impact of the Hotel Industry

At the time, hotels were large users of consumer goods and waste generation appeared to be the most visible effect that the hotel industry had on the environment. By one estimate, a typical hotel produced in excess of one kilogram (2.2 pounds) of waste per guest per day, which resulted in tons of waste each month. According to data collected from the California Integrated Waste Management Board (CIWMB) in the U.S., waste generation could be as high as 30 pounds per room per day, and as much as 80% of these materials could be recycled. [19]

The hospitality industry was also an intensive user of energy resources. In the U.S., hotels spend $3.7 billion per year on energy. Electricity use accounted for 60-70% of utility costs, and a typical hotel reported using 218 gallons of water per day per occupied room. Energy consumption could be improved by introducing energy-efficient practices. In addition, data from CIWMB showed that an average-sized hotel purchased more products in one week than 100 families did in a year, and that 2% of California's food waste came from the hotel and lodging industry (112,000 tons per year).

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[17] http://www.ahla.com/content.aspx?id=3448

[18] http://www.bls.gov/oco/cg/cgs036.htm

[19] http://www.ciwmb.ca.gov/

Greening the Hotel Industry

The hotel industry also faced unique challenges from going green. All businesses needed to ensure that environmental initiatives did not interfere with the quality of their products and services. In the hospitality industry, especially in mid-range boutique and luxury hotel segments, comfort was part of the value proposition, and hotel owners struggled to balance conservation and luxury. There was growing interest, however, among consumers in green initiatives, and they are sometimes willing to pay more or make sacrifices (see **Exhibit C**).

"Environmental issues are one of the hottest issues within the travel industry right now," said Bill Connors, the executive director of the National Business Travel Association. The association addressed the topic of eco-friendly elements in hotel design and operations for the first time at its annual convention in July 2007.[20]

Additionally, in the 2007 North America Hotel Guest Satisfaction Study, JD Power and Associates found that when hotels offered green programs, nearly three fourths of guests in North America willingly participated during their hotel stays.[21] "Since conservation is such an important issue globally, it is vitally important that hotel properties actively market their eco-friendly offerings and make them easy to recognize and participate in," said Linda Hirneise, executive director of the travel practice at J.D. Power and Associates. She continued, "Offering green programs is a win-win situation for both hotel guests and hotel operators. Guests are increasingly looking for these types of offerings, and hotels are finding that going green actually saves money." This study, in its eleventh year, measured overall hotel guest satisfaction across six hotel segments: luxury, upscale, mid-scale full service, mid-scale limited service, economy/budget, and extended stay. The increasing interest in going green among consumers led J.D. Power to include environmental questions in the survey.

Going green had tangible financial benefits from cost savings as well. Energy efficiency, water conservation, recycling and waste diversion measures reduced costs and resulted in significant savings. Open 24 hours per day and seven days per week, hotels were resource intensive and had a higher potential for cost savings from green initiatives than other commercial buildings. See **Exhibit D** for cost and savings data from Ambrose Hotel's green initiatives.

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[20] White, M.C. 2007. Enjoyr your Green Stay, The New York times, Business section of the issue published on June 26.

[21] http://www.jdpower.com/corporate/news/releases/pressrelease.aspx?id=2007116

Competition

A few major players had traditionally dominated the hotel industry such as Marriott, Hilton, Global Hyatt Corporation, Ritz Carlton, Ramada International, and Best Western. Boutique hotels differentiated themselves from larger chain/branded hotels by providing personalized accommodation and a more intimate set of services and facilities.

The Ambrose targeted the upscale segment of the market by offering an affordable luxury experience, but faced direct competition from other beautiful Santa Monica and Los Angeles properties, such as the Marriott and Best Western located in the neighborhood.

Strozdas explained that "we are the greenest of the green." When it came to environmental initiatives, he felt the hotel had no rivals in the area, and that it was not intimidated by the local competition of the giant Fairmont, considered a benchmark for sustainable initiatives among operators thanks to the implementation of a formal corporate environmental program.

The Fairmont, for example, had been using energy-saving measures for years. "Fairmont's been doing it since before eco-chic was a word, and the one thing I've found about our environmental program is that a lot of our guests are unaware of it," said Michelle White, director of environmental affairs for Fairmont Hotels and Resorts. All front-desk computers at its North American properties ran on wind power bought from a sustainable energy cooperative, and several of its golf courses were irrigated with recycled water. [22]

The Ambrose's management looked at green performance as the hotel's most important asset and intended to utilize this strong differential value for future strategies of expansion. However, major players in the hotel industry were also starting to engage in green strategies. For example the Hilton Hotels Corporation had developed a program called "Hilton we care"[23]; Sheraton Hotels & Resorts had started another program called "Going Green"; and Marriott International had recently made an announcement about its plans to go green. With this potential increased competition from these major hotel chains, it became increasingly important for the Ambrose to distinguish itself and communicate its initiatives.

Greenwashing and the Challenge for Ambrose

Although hotels had started to embrace green practices, there was not a cohesive standard and many hotels engaged in greenwashing and exaggerated claims. A 2006 article in USA Today stated, "Most major hotel chains now have   environmental policies,' but

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[22] Cited in White, M.C. 2007. Enjoy your Green Stay, The New York times, Business section of the issue published on June 26

[23] http://www.hiltonwecare.com/

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most policies only give lip service to conservation and do not enforce standardized practices across all properties."[24]

Through The Ambrose Hotel's extensive sustainability initiatives, Wallace had achieved many of the environmental and financial benefits of going green, but now she faced the challenge of how to distinguish herself from the hotels that were claiming to be green but lacked the deep integration and serious initiatives of the Ambrose. In her research she found there were many certification programs for which hotels could apply (see **Exhibit E**). These certifications varied in terms of geographical and industry scope, and governance structure. Some eco-labels were specific to California, while others applied to the U. S. or even the globe. Regarding the industry scope, some labels were specific to hotels while others applied to buildings or products more generally. In terms of their governance, some labels were offered by environmental non-governmental organizations, while others were managed by trade associations or governments. Finally, some eco-labels involved third-party certification, while others only required participants to state their environmental practices. The following three certification programs emerged as attractive options for the Ambrose:

> The **U.S. Green Hotel Certification Program** was based in the U.S. It was a for profit organization headquartered in Hermosa Beach, California and had the endorsement of the Santa Monica Convention & Visitors Bureau and the Santa Monica-based organization Sustainable Works. It was a third party certification process based on several criteria of hotels' performance: energy efficiency and management; greenhouse gas emissions; water conservation and management; indoor and outdoor air quality; waste management; facility management; policy and governance; purchasing; community; destination protection; conservation and management; and cultural and social issues. The standard was relying highly on energy and efficiency criteria (70%); 20 percent on Corporate Social Responsibility and 10 % on Conservation. There were 190 requirements that where adjusted according to the location and size of the hotel. The program had certified two hundred hotels worldwide, mostly in the Caribbean and Europe, but none were in California. The Fairmont Miramar in Santa Monica was in the process of getting certified through this program. The U.S. Green Hotel Certification Program emphasized the ease of certification through the program, and had eliminated virtually all paperwork thanks to a Web-based application. The organization worked with the hotel on-site to conduct training, evaluation, and audit. The U.S. Green Hotel Certification Program put a high emphasis on marketing. All certified properties received support from the organizations' marketing departments based in the U.S. and Europe. This included advice on how to market green opportunities, email broadcasting, public relations, advertizing opportunities and conferences and events

> The **Green Seal Green Lodging Certification Program** was part of the Green Seal, a national nonprofit that created environmental standards for a wide variety

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[24] http://www.usatoday.com/travel/columnist/grossman/2006-07-22-grossman_x.htm

of products such as windows, energy-efficient lighting, paper, cleaners, and adhesives. They started in 2002 and had certified hundreds of products from major companies and were recognized as setting industry standards in some areas. They had developed a certification system for lodging properties, referred to as the GS-33 standard. The standard (see **Exhibit F**) addressed waste minimization, energy efficiency, water management, hazardous substances, and purchasing policies. The certification system was thorough, and only a few properties had been certified (26 hotels in the U.S., including two in California). Although Green Seal was nationally recognized for certifying products, its program for properties was less well known.

The **U.S. Green Building Council (USGBC) Leadership in Energy and Environmental Design (LEED)** certification was nationally recognized and thorough (**Exhibit G**). The USGBC was a non-profit organization composed of more than 15,000 organizations dedicated to sustainable building design and construction. The LEED standard addressed five key areas of green building: sustainable site development; water savings; energy efficiency; materials selection; and indoor environmental quality. It rated buildings according to a point system at four levels of certification: Certified; Silver; Gold; and Platinum. LEED had been growing significantly in use. The volume of all LEED projects, in square feet, grew from 35 million in 2002 to 3.2 billion in 2007, with 34 projects certified in 2007. However there were only a few hotels that were constructed and certified to LEED standards for new construction. In 2007, there were two certified hotels in the U.S. — a Marriott in Maryland and a Hilton in Washington — with several more on the way. "At least three-quarters of the projects that have registered are in the last year or two," said Max Zahniser, a program manager at LEED.[25] LEED was originally developed as a standard for new construction, but it had recently added a version of LEED for existing buildings (LEED EB) to address the ongoing operations and maintenance of existing buildings. The rating system identified and rewarded current best practices. It also provided an outline for buildings to use less energy, water and natural resources; to improve the indoor environment; and to uncover operating inefficiencies. At that time, no hotels had been certified under LEED EB.

Wallace, Strozdas, and Carmack decided to take a course on LEED EB that was offered in the Southern California area. At the workshop they learned about the points system and the types of functions addressed in depth. They identified the following areas that would be more challenging for a hotel:

- Restrooms: LEED required monitoring all the restroom facilities' water usage. For a normal office building this would be a few restrooms, but the Ambrose had 77 restrooms, a more significant challenge.

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[25] Cited in White, M.C. 2007. Enjoy your Green Stay, The New York times, Business section of the issue published on June 26

- Pest Control: One LEED point addressed giving occupants advance notice for pest control issues. This would be hard for a hotel that had temporary, and sometimes single-night, occupants.

- Light Pollution: One LEED point addressed light pollution, and in order to measure the difference between lights on and off, it required turning off the lights completely at night. This would be impossible at a hotel, which operated 24 hours per day.

As Wallace returned from the LEED workshop she wondered whether she should pursue a certification system and if so, which one. Each of the certification systems had advantages and disadvantages. For example, LEED had greater recognition than Green Seal Green Lodging, but LEED EB was designed for standard commercial offices whereas Green Lodging was specifically for the hospitality industry. If Wallace decided to pursue LEED EB, the Ambrose would be the first hotel to achieve that certification, which would have marketing and media appeal, but being a first mover would have disadvantages, too, if they were dealing with a system that had never been applied to hotels. She called a follow-up meeting with Strozdas and Carmack to discuss the issues and to decide which direction to go. In the short term, she had to decide which standard to pursue; and in the longer term, she had to decide whether to expand by opening hotels in other locations, or by offering "green" consulting services to hotels elsewhere.

U.S. HOTEL PERFORMANCE
Total Revenues, Expenses, and Profits*
Annual Change - 1960 to 2007 Forecast
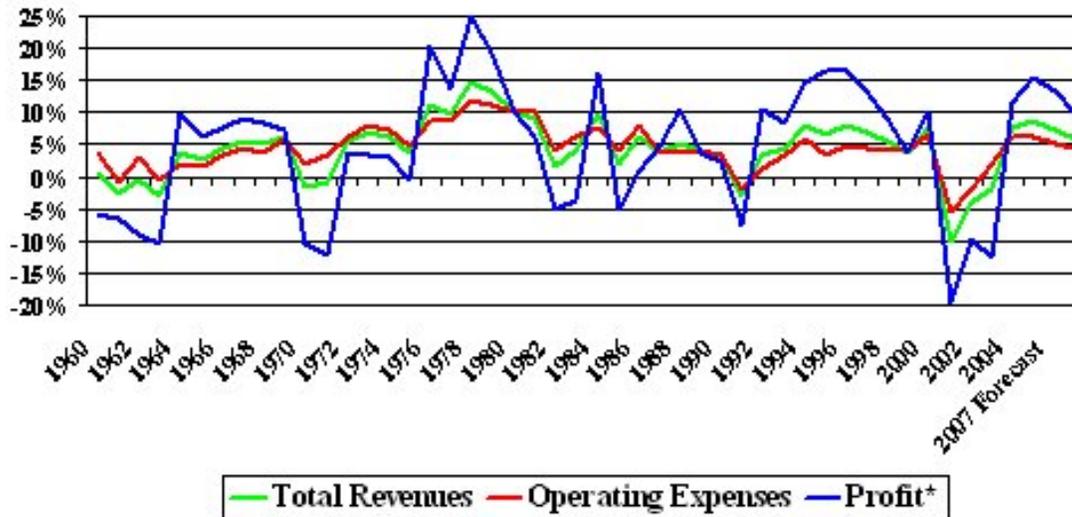
Note: * Before deductions for capital reserves, rent, interest, income taxes, depreciation, and amortization.

Source: PKF Hospitality Research

U.S. Travel Market Overview – Demographics

Profile of 2005 U.S. Domestic Traveler Households

Average age of Traveler: 46 years
70% married, 16% single/never married, 14% divorced/widowed/separated
39% of travelers have a college degree, including 17% with graduate work started or completed
67% of travelers employed full or part-time, 14% retired
36% with Children in the Household
Annual Household Income: $70,200 mean, $62,900 median

Source: Travel Industry Association (TIA), Domestic Travel Market Report, 2006 Edition

Ambrose Hotel Green Initiatives

Awards/Recognition:

- City of Santa Monica Commendation 2006

- Greenopia Los Angeles 4 Leaf Award of Achievement 2006

- Google Green Drummer Recognition 2006

- Sustainable Quality Award Grand Prize Winner 2006

- Sustainable41 Award recipient 2005

- Sustainable Works Green Business Program Certification

- Green Hotel's Association Member

- United States Green Building Council Member

Policies:

- Energy Star rated appliances
- Compact fluorescent lights w/ dimmers
- Energy efficient LED exit signs
- Economizers on A/C unit which increases fresh air circulation and uses cooler outdoor air when available
- 15% of guestrooms are powered by Clean and Green Wind Power
- Linen and towel reuse program
- Low flow toilets (1.3gpf) and water saving faucet aerators (1.75gpf)
- Native plants
- Non-toxic biodegradable cleaners
- No aerosol spray cans or toxic cleaning chemicals used
- Green team training meetings to introduce our staff to non-toxic cleaning procedures
- Low VOC Green Seal certified water based paints
- Hotel wide recycling program
- Compost all organic waste
- California Recycles, Inc cellular phone recycling program drop-off location
- 100% recycled bath tissues, napkins, copy paper etc.
- Reuse packaging for shipping
- Employee use policy for room service/ catered leftovers
- Glass cups in ALL guestrooms, mugs for all staff members - no disposable utensils or tableware – No Styrofoam!

- All clients are encouraged to recycle used business meeting materials and to use linen and glassware instead of disposable paper products
- London Taxi (powered by bio-diesel fuel) carpooling to popular neighborhood locations
- Eco-limo our preferred limousine service, hybrid & gas/electric chauffeured transportation
- Big Blue Bus and LA Metro bus route maps provided for staff and guests
- Employee bike storage/shower
- Preferred parking spaces for hybrid vehicle
- All Ambrose employees provided with complimentary bus passes
- Green information Box located in lobby (bike routes, local walking maps, non-profit information, community event flyers and brochures)
- Green meeting planner attached to all emails to guests inquiring about renting meeting space
- Green information binder for front desk staff – All front desk agents are required to review
- Green Agreement in Employee Handbook , new staff member training
- All Ambrose brochures, flyers, compendiums, business cards, menus etc are printed on 100% recycled papers
- Green Team leader to manage, support and implement all sustainable practices and programs
- Here, There and Everywhere E-newsletter: "Everywhere" section highlights the work of a different international non-profit every month
- Paid volunteer opportunities for staff members
- Active supporter of local non-profits and charitable organizations

EXHIBIT C. Studies on Demand for Green Hotels

"Institute for Integrative Tourism and Leisure Research" in Vienna: BMWA, The potential of Eco-tourism in Austria (2001)	• About 34% of the people questioned show an "eco-tourism" motivation as defined by the world trade organization (WTO). • The proportion of the current expenses on nature-based tourism is estimated at about 7 % of the total expenses for tourism. • More than half of the people believe that a direct contact with nature is absolutely necessary for a "true holiday". • Based on the results from another survey it can be assumed that an estimated 0.5 to 1.6m people would be willing to spend 5 - 20 % more money on ecologically and socially sound holidays.
International Hotels Environment Initiative, Hotels Care Community Action & Responsibility for the Environment (2002)	• The IHEI, a survey conducted in Britain, showed that 80% of the British travelers polled are prepared to pay £30-£70 extra per fortnight to book a hotel with a responsible environmental attitude, showing that cost may no longer inhibit sustainable tourism ideals. • Nine out of 10 UK people surveyed believe tourism is in danger of destroying the planet, compared to 70% of Australians and a third of Americans. • While on holiday, 96% of British tourists pay extra care when throwing away rubbish likely to harm animals, but only a third makes a financial contribution to local people. • In Australia, 70% of the persons surveyed (and 65% of British) cycle or walk on holiday, instead of travelling by car, compared to only a third in the US
Fessel/GfK Institute, Austrian Eco-label survey 2004	• For 59% of travelers intact nature and healthy environment is a selection criteria. • For 32% of them it is important that the hotel is eco-labeled. • 66 % of travelers are willing to pay more for environmentally friendly holidays. • About 26 % of them would even tolerate higher costs of 10 %. • Eco-labeled accommodation services offering organic food of the region, healthy environment, as well as measures of saving energy and water reported an higher degree of customer satisfaction.
APAT, Tourist accommodation EU Eco-label award scheme, final report. German Traveller Analysis (2002)	• 25 millions of Germans out of 82.5 millions total inhabitants think that it is particularly important to find environmentally-friendly accommodation • 45.8% want effective environmental protection at their destination • 59.1% dislike outdoor waste pollution • Twelve million Germans would welcome it if the catalogues of tour operators, accommodation operators and destinations were to clearly indicate offers which are particularly environmentally-friendly
Survey completed by HLA and ARA consulting firms of North American travel consumers (1994) and The International Ecotourism Society (TIES) elaborated a profile of Eco-Tourism market (2000)	There are no consolidated data on all ecotourism activities taking place in the U.S., it is estimated that Americans spend billions of dollars annually in eco-holidays. General trend: • Age: 35 - 54 years old, although age varied with activity and other factors such as cost. • Gender: 50% female and 50% male. • Education: 82% were college graduates, a shift in interest in ecotourism from those who have high levels of education to those with less education was also found, indicating an expansion into mainstream markets.
World Tourism Organization (WTO)	• Nature tourism generates 7% of all international travel expenditure
World Resource Institute (WRI)	• Tourism overall grows at an annual rate of 4%, nature travel is increasing at an annual rate between 10% and 30%

Ambrose Hotel Green Initiatives Cost/Savings Spread Sheet

INITIATIVES	COST	SUSTAINABLE SAVINGS	MONETARY SAVINGS
WATER CONSERVATION PROGRAM: - 7 loads of laundry per day with conservation program in place vs. 12 loads of laundry per day without conservation program in place - Low flow shower heads and faucet aerators	Front load washer uses17 gallons of water per load	85 gallons of water saved per day with conservation program in place 2,550 gallons saved per month Toilet = 1.6 gallons of water per minute vs. 3.5 gallons Shower = 2 ½ gallons per minute vs. 4 gallons Faucet = 2 ½ gallons per minute vs. 4 gallons	Reduced our water bill by 6% 20% savings on water bill
WASTE: 75% of waste is diverted through hotel wide recycling program Double sided printing = 2 cases per month @ 5000 sheets per case	$49.50 x 2 cases per month 10,000 sheets of paper per month used	13.5 tons of waste is diverted from landfill 120,000 sheets of paper per year saved	$1,188 saved
FUEL: Bio-diesel fuel for hotel shuttle	$3,640 year spent on bio-diesel fuel	Less offensive odor, less emissions, meets requirement of Clean Air Act	$187.20 additional dollars spent

INITIATIVES	COST	SUSTAINABLE SAVINGS	MONETARY SAVINGS
OFF SITE RENEWABLE ENERGY CREDITS: 15% of energy is offset with offsite renewable energy credits	3 year membership for $3607.00 6000 KWh per month	Equivalent to: - Planting 15,120 trees - Taking 12 cars off the road per year - Eliminating 392,940 lbs of CO2 emissions.	$3607.00 spent
GREEN CLEANING/ LOW VOC PRODUCTS:	$200-250.00 per 15 gallon drums for cleaning products	Housekeeping staff stopped complaining about headaches; all housekeepers reported feeling better about using non-toxic supplies; bulk purchasing reduces packaging waste	Purchasing in bulk reduces prices
LANDSCAPE RENOVATION:	$1,589.00 for succulents and native plants	Do not require watering, pesticides or fertilizers	Save $$ on water bill, irrigation system and maintenance costs
ENERGYSTAR PROGRAM	$75,373.00 per year spent	30% less energy used each year	$32,300 saved each year

EXHIBIT E

Descriptions of Green Certification Programs for Hotels

International Tourism Partnership and the Environment [26]

The International Tourism Partnership is a program of The Prince of Wales International Business Leaders Forum (IBLF), established to inspire and provide practical guidance for the industry on how to improve environmental performance and how this contributes to successful business operations. The International Tourism Partnership provides its members with a non-competitive platform, to share knowledge and resources, develop policy and actively implement programs and initiatives that have a positive impact on economic, social and environmental issues. 20 hotels are currently members of the international tourism partnership including The Hilton, The Fairmont Hotels and Resorts and the Hyatt Hotels and Resorts.

Green Leading Initiative Program of the Leading Hotel of The World Association [27]

The Leading Hotels of the World Ltd. (LHW) is a company that features more than 400 small luxury hotels, resort hotels as well as world-renowned stately hotels offering all the possibilities for family getaways, romantic escapades and business meetings. The Leading Hotels of the World, Ltd. launched the Leading Green Initiative in partnership with Sustainable Travel International (STI), the non-profit leader in responsible tourism. Through this initiative, LWH provides consumers the option of a having a carbon-neutral travel experience. By making a reservation through their dedicated website or when "Leading Green" is mentioned to any one of their world-wide reservation centers, LHW will offset the environmental impacts of the guests´ overnight stays (i.e. the use of the electricity of their room and in common areas). The Leading Hotels is also offering our guests the opportunity to voluntarily donate the computed amount necessary to offset their waste, water, transportation or all carbon emissions.

American Hotel & Lodging Association Engineering & Environment Program [28]

It is a program of the American national Association for Hotels. It has the objective to serve the lodging industry and the traveling public by advocacy and communication of engineering and environmental issues.

Green Globe International, Inc. [29]

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[26] http://www.tourismpartnership.org/

[27] http://www.lhwgreen.com/home.aspx

[28] http://www.ahla.com/Committee.aspx?id=3800

[29] www.greenglobeint.com

Green Globe International, Inc., is a company traded publicly in the U.S. under the stock symbol GGLB, is the worldwide owner of the Green Globe brand, an international brand for sustainable travel, tourism and related green businesses. *The Green Globe Company Standard* is designed for organizations within the travel and tourism industry and sets out the criteria to attain certification. It provides an environmental management framework for organizations, as part of the process to achieve certification. Initially the process begins with benchmarking of the companies current environmental footprint, this brings in the company to the *Benchmarking Bronze Level* after which the company may continue to the *Certification Silver Level*. After 5 years of continuous certification, a company may also be eligible for the *Gold Certified Level.* Green Globe's worldwide network extends across nearly 50 countries. Green Globe International has been admitted as an affiliate member of the United Nations World Tourism Organization. The World Travel & Tourism Council (WTTC), the business leaders' forum for the travel and tourism industry, is a 5% common stock owner of Green Globe International. Green Globe International is a Benchmarking, Certification and Performance Improvement Program based on the Agenda 21 principles for sustainable development agreed to by 182 Heads of Government at the United Nations Rio Earth Summit of 1992. There are 295 properties certified. An important share of the properties are in the Caribbean region (57 properties). There are 30 properties in Europe. Only one property is certified in the U.S. The program fee is $2,800.

European Ecolabel for tourist accommodation services [30]

The European Eco-label for tourist accommodation services developed by the European Commission is a very comprehensive international label but was not yet adopted in the U.S. The main criteria of the European Eco-label are sustainable water management, use of renewable energy, waste and energy optimized management, staff training on environmental issues and use of soft chemicals. Applicants are also evaluated on interior air emissions (caused by paints and cleaning chemicals), neighborhood pollution (no use of pesticides, fertilizers etc.) and use of whole food from regional organic farming. In 2007, there were already 88 hotels certified under the European Eco-label. The European Eco-label for tourist accommodation services was one among several European Eco-labeling initiatives. In 2007 a total of 2369 products and services were certified through the European Eco-label. The eco-label application fee is from 300 Euros to 1300 Euros and the annual fee for the use of the label is 0.15% of the annual volume of sales of the product within the community. The minimum is 500 Euros per product group and per applicant and the maximum is 25000 Euros per product group and per applicant. Small and medium enterprise pay only 25% of these fees.

Green Key Eco-Rating Program of the Hotel Association of Canada (HAC) [31]

The Hotel Association of Canada's (HAC) Green Key Eco-Rating Program is a graduated rating system designed to recognize hotels, motels, and resorts that are committed to improving their fiscal and environmental performance. It is a voluntary, self-administered

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[30] http://www.ecolabel-tourism.eu/

[31] http://www.hacgreenhotels.com/index.htm

audit designed to assist a hotel in determining environmental performance. Based on the results of a comprehensive environmental audit, hoteliers are awarded a 1-5 Green Key rating and given guidance on how to "unlock" opportunities to reduce operating costs and environmental impacts through reduced utility consumption, employee training, and supply chain management. The program is open to any lodging property in Canada regardless of whether they are members of the HAC. The audit consists of 5 sections: Corporate Environmental Management, Housekeeping, Food & Beverage Operations, Conference & Meeting Facilities and Engineering. Each section is comprised of a number of "multiple choice"-style questions related to the following nine areas of sustainable hotel operations: Energy conservation, Water conservation, Solid waste management, Hazardous waste management, Indoor air quality, Community outreach, Building infrastructure, Land use and Environmental management. The annual participation cost in the program is $350.00. Green Key Eco-Rating program has more than 400 rated hotels and motels. It includes 3 hotels in the United States.

Green Seal Program [32]

Green Seal is an American nonprofit organization that provides science-based environmental certification standards in the US. Green Seal's campaign to inform U.S. hotels and motels focuses on how environmental efforts both improve the bottom line and benefit the environment. The Green Seal fees amount to $3900. Green Seal develops its standards with input from industry, government, academia, and the public. Each new standard is broadly circulated for review and comment to a diverse group of stakeholders, including manufacturers, trade associations, universities, environmental and consumer groups, government officials, and the public. When the final standard is published, Green Seal provides a written response to all the comments received, and opens the standard to a formal appeal. Green Seal periodically reviews and updates their standards to reflect advances in technology and the marketplace.

Green Hotel Certification [33]

Green Hotel certification is an independent certification with the objective to support hotels in implementing necessary changes to reach an overall enhancement of environmental, social and economic performance. All certification applications are reviewed by an independent panel and based on the following criteria: Energy efficiency and management, Greenhouse gas emissions, Water conservation and management, Indoor and outdoor air quality, Waste management, Facility management, Policy and governance, Purchasing, Community, Destination protection, conservation and management and Cultural and social issues. The program had two hundred certified in the world but none in California. Green Hotel Certification is partnering with Green Globe.

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[32] http://www.greenseal.org/programs/lodging.cfm

[33] http://www.greenhotelcertification.com/index.html

California Green Lodging Program [34]

The California Green Lodging Program is part of the governmental initiative "California Integrated Waste Management Board (CIWMB) and has the objective to reduce hotels' impact on the environment through: Environmentally Preferable Purchasing (EPP), increase recycling and composting, and reducing energy and water usage. There are two main levels that hotels can achieve. The Leadership level and the Participation level. **Leadership level** hotels achieve a minimum field survey score of 300. They have a written environmental policy in place and meet all seven of the program's criteria: Waste minimization, Reuse/recycling, Energy efficiency, Conservation and management, Waste management, Freshwater resource management, Hazardous materials management, and Environmentally and socially sensitive purchasing policies. The **Participation Level** is the entry level for the program. Participation level hotels are building their environmental green lodging programs. They achieved a field survey score of 250 to 300, and they might not have a written environmental policy in place. Participation level hotels meet some of the seven program criteria, and have three years from their date of enrollment to demonstrate continuous improvement and elevate their rating to the Leadership Level. See survey http://www.documents.dgs.ca.gov/travel/GreenLodging/HotelSurvey.pdf and field survey at http://www.documents.dgs.ca.gov/travel/GreenLodging/FieldSurvey.pdf

Eco Crown's certification program [35]

Eco crown is a company that provides green eco-certification for hotels. The certification online eco-audit system is entirely online and based on a point system. Hotels can achieve Bronze, silver or Gold levels. There is No third party certification. The semi annual fee is $315.00. 360 hotels and Beds and Breakfast are currently certified.

Green Hotel Association [36]

Headquartered in Houston, Texas, this association is committed to encouraging, promoting and supporting ecological consciousness in the American hospitality industry. The members of the Green Hotel Association are environmentally-friendly properties. The purpose of this association is to bring together hotels interested in environmental issues. The association had 325 members in 2007 and the member fee was $350.

Leadership in Energy and Environmental Design (LEED) certification

The *US Green Building Council (USGBC) Leadership in Energy and Environmental Design (LEED)* certification was nationally recognized and thorough. The USGBC, founded in 1993, is a non-profit organization trade organization composed of more than 15,000 organizations dedicated to sustainable building design and construction. USGBC established benchmarks for the Green Building Rating System in 2000. LEED is a framework for assessing building performance and meeting sustainability goals. LEED rating systems are currently available for new construction, existing buildings, commercial interiors, core and shell, schools, retail and homes, and rating systems are in

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[34] http://www.ciwmb.ca.gov/EPP/GreenLodging/

[35] http://www.ecocrownhospitality.com/

[36] http://www.greenhotels.com/

pilot or under development for neighborhood developments and health care

Green Seal Green Lodging Certification. Lodging Properties (GS-33)[37]

Third Edition, August 19, 2002
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1. **Scope**
   This Standard applies to lodging properties located in the United States of America. This Standard does not include swimming pools, golf courses, or restaurants associated with the properties.

2. **Definitions**
   For the purposes of this Standard, the following definitions apply:

2.1 **Biodegradable:** Capable of breaking down, with respect to specific conditions, to a specific extent within a given time.

2.2 **Concentrate:** A product that must be substantially diluted with water to form the appropriate solution for use.

2.3 **Cost-Effective:** Producing positive results in proportion to the expenditure of resources (e.g., time, money, materials, etc.) and having a return on investment period less than or equal to three years.

2.4 **Durable Goods:** Goods, such as appliances and furniture, that are not consumed in use and can be used for a period of time, usually several years.

2.5 **Energy-Efficient:** Requiring a minimum amount of energy to produce a maximum amount of work or functionality. In the U.S., products purchased shall be identified as being in the lowest quarter (1/4) of least energy used according to the yellow energy guide label, or bear the Environmental Protection Agency's Energy Star label, or be Green Seal certified, or otherwise indicate energy efficiency when compared with other similar equipment using established, industry-standard testing methods.

2.6 **Life-Cycle Cost:** The cost of a product or service which takes into account the cost of manufacturing, transportation and distribution, operating, maintaining and disposing of a product or service over its economic or useful life as set forth by industry standards.

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[37] http://www.greenseal.org/certification/standards/lodgingproperties.cfm

2.7   Lodging Property: A facility offering accommodations to travelers. Lodging property types typically include, but are not limited to, such classifications as: All Suites, Bed and Breakfasts, Condominiums, Condotels, Convention Hotels, Cottages, Country Inns, Extended Stay, Full Service, Hotels, Limited Service, Lodges, Motels, Motor Inns, Resorts.

2.8   Non-phosphate: Containing 0.5% by weight or less of phosphates or derivatives of phosphates.

2.9   Nontoxic: Product does not exhibit potentially harmful characteristics as defined by the Consumer Product Safety Commission regulations found at 16 CFR Chapter II, Subchapter C, Part 1500 and is not required to be labeled Toxic or Highly Toxic.

2.10   Practicable: Capable of being done or accomplished with available means or resources.

2.11   Postconsumer material: Those finished products, packages or materials generated by a business or consumer that have served their intended end uses and that have been recovered from or otherwise diverted from the waste stream for the purpose of recycling.

2.12   Volatile Organic Compounds (VOC): Compounds as defined by U.S. Environmental Protection Agency at 40 CFR Section 51.100(s),(s)(1).

3.   **Property Specific Environmental Requirements**

3.1 Waste Minimization, Reuse and Recycling

3.1.1.a Property shall establish or maintain recycling programs for the common areas (e.g., near vending machines, near elevators, in the lobby, inside or outside of conference rooms, etc.) and administrative areas (e.g., front desk, back of house, etc.) of the property for materials that are cost-effective locally. Materials may include, but are not limited to, aluminum, plastic, cardboard, steel, glass, newspaper, mixed paper, batteries, packaging, inkjet and toner cartridges, and fluorescent light bulbs. Program components shall be clearly labeled for both guests and staff.

3.1.1.b Property shall also establish or maintain recycling and/or composting programs for food waste and yard waste where cost-effective locally. Program components shall be clearly labeled for both guests and staff.

3.1.2 Property shall use refillable amenity dispensers rather than individual containers for shampoo, conditioner, soap, lotion, etc. where possible OR demonstrate that chosen individual products are the smallest practical size for guest length of stay

and minimally packaged in recycled and/or recyclable materials. Used amenities are collected for donation to charity or recycling where practicable.

3.1.3 Default setting for copying shall be double-sided; paper printed on one side shall be used for internal copies/printouts/notepads.

3.1.4 The property shall make efforts to purchase products in bulk and avoid single-use type products. In particular, efforts should be made to use highly concentrated cleaning products dispensed through portion control equipment, and to substitute reusable pump sprays for aerosol cans. Aerosol cans, where still in use on the property, should be recycled if the community accepts aerosol cans for recycling.

Where Applicable:

3.1.5 Property shall donate leftover food to a local shelter or food bank where programs are available and where permitted by local regulatory agencies.

3.1.6 Property shall minimize the use of disposable food service items (e.g., hot/cold cups, glasses, cutlery, and plates) in food and beverage operations and in guest rooms. Plastic or paper cups are permitted in guest room bathrooms due to the risk of breakage.

3.2 **Energy Efficiency, Conservation and Management**

3.2.1 If the following equipment currently in use is not energy-efficient, when the equipment is replaced, energy-efficient equipment (as defined in the Definitions) shall be specified and purchased.

Office and Room Equipment: fax machines, copiers, printers, computers, monitors, televisions, video cassette players/recorders
HVAC Equipment: chillers, packaged terminal air conditioners, central air conditioners, central heat pumps, split ductless heat pumps, geothermal heat pumps, water heaters

Where Applicable:

Kitchen Equipment: freezers, refrigerators, cooktops, ovens, dishwashers.
Laundry Equipment: boilers, washers, dryers, extractors

3.2.2 Indoor lighting shall be energy-efficient OR on a schedule for replacement with energy-efficient lighting. The first lights replaced shall include lights typically on for 24 hours (e.g., hallways, exit signs, lobby lights, etc.), followed by lights typically on for 8+ hours (e.g., restrooms, staff offices, meeting rooms, etc.). All indoor lights not currently energy-efficient shall be part of a 5-year replacement schedule. Lighting fixtures that are clearly historic in nature or specialty light

fixtures (e.g., display or accent lighting) may be exempt from this requirement if compatible options are not available.

3.2.3   Property shall have the building HVAC systems, in-room units, and kitchen and laundry appliances (facility and guest room) on a regular preventative maintenance schedule, including filter cleaning/changing, leak checks, clearing air vent and intake obstructions, etc.

3.2.4   Property shall purchase energy-efficient windows as windows are replaced. Existing windows shall have window films, where climate and orientation indicate that significant energy savings will result.

3.2.5   Programmable on/off timers and/or sensors shall be used for lighting and HVAC in low traffic and low occupancy areas (e.g., back of the house, corridors, meeting rooms, storage rooms, equipment rooms).

3.2.6   Indoor Air Quality requirements [reserved]

3.3   **Management of Fresh Water Resources**

3.3.1   At a minimum, properties shall use the following water conserving fixtures or retrofits: 2.2 gpm faucets and aerators; 1.6 gpf toilets; 2.5 gpm showerheads. Any existing showerheads, faucets, and aerators that exceed these flow rates shall be on a schedule for replacement within 2 years. Toilets shall be replaced in conjunction with major room renovations. Higher flow toilets may be exempt from the flow rate requirement if the plumbing infrastructure will not adequately function with lower flow rates.

3.3.2   For exterior plantings, property shall use plants and trees tolerant of climate, soils and natural water availability. Landscape shall be watered where necessary in the early morning or at night to minimize evaporation, soaker hoses used for plant beds, and plant beds mulched to retain water. Grasses used that require irrigation shall be limited to areas where guest activities take place.

3.3.3   Property shall demonstrate that groundskeeping procedures specify that sidewalks, drives, parking lots, etc. are to be swept instead of washed down with potable water, or washed down with graywater.

3.3.4   Where cost-effective, property shall offer towel and/or linen reuse option to multiple night guests.

Where Applicable:

3.3.5   Property shall ensure that clothes washers, dryers, and dishwashers are filled to recommended capacity for each cycle and that the coolest effective water temperature is used.

3.4   Waste Water Management

3.4.1   Property shall demonstrate that chlorinated chemicals are used only where there is no less toxic alternative, and only in minimal amounts.

3.4.2   Property shall use automatic dishwashing detergent that is biodegradable, does not contain NTA (nitrilotriacetic acid), and does not contain chlorine bleach.

3.4.3   Property shall use non-phosphate, nontoxic, biodegradable, concentrated liquid or powder laundry detergents.

3.4.4   Property shall use non-phosphate, nontoxic, biodegradable, concentrated liquid or powder cleaning products.

3.4.5   Property shall seek out and explore the use of organic insecticides, fertilizers and biocides and/or integrated pest management (IPM) techniques.

3.5   Hazardous Substances

3.5.1   Property shall seek to replace hazardous substances with less hazardous alternatives (e.g., cleaning supplies, detergents, adhesives, paints, pesticides, etc.). Purchases of hazardous materials will be based on accurate records of the current product inventory to avoid over-purchases and unnecessary storage.

3.5.2   All chemical storage and mixing areas for housekeeping products shall allow for adequate and secure product storage with water in the space for mixing concentrated chemicals, have drains plumbed for the appropriate disposal of liquid waste products, and be equipped with access to fresh air (e.g., outside venting or air filtration unit).

3.5.3   Drums and storage containers/areas located on the property shall be clearly marked, use spill containment measures to collect spills/drips/leaching of chemicals, and shall be checked regularly for leaks and replaced as necessary.

3.5.4   Architectural paint purchased for use on the property shall not contain the following heavy metals or toxic organic substances:

Heavy Metals	Toxic Organic Substances
antimony cadmium hexavalent chromium lead mercury	acrolein acrylonitrile benzene 1,2-dichlorobenzene ethylbenzene formaldehyde isophorone methylene chloride

	methyl ethyl ketone methyl isobutyl ketone naphthalene phthalate esters toluene (methylbenzene) 1,1,1-trichloroethane vinyl chloride

An exception may be made for limited-use architectural paints used in historic areas or high-abuse areas if compliant options are not available.

3.6   Environmentally and Socially Sensitive Purchasing Policy

3.6.1 The property shall establish an environmental purchasing policy, which shall include the following elements (or equivalent):

a. Appointment of a steering committee, which includes staff responsible for overseeing the program.
b. Development of an environmental mission and distinct purchasing targets.
c. Incorporation of environmental preferences into purchasing documents and discussions with suppliers and vendors.
d. Consider the life-cycle costs of buying environmentally responsible products and services. Information from all available sources shall be used, including manufacturer information and third-party certifications.
e. The purchase and testing of potential environmentally responsible products and services.
f. Regular evaluation and modification, if necessary, of the environmental purchasing policy to help ensure maximum benefits.

3.6.2 Property shall use printing and writing papers (e.g., letterhead, stationary, copy paper, envelopes invoices, business forms, etc.) that contain a minimum of 30% postconsumer recycled content OR tree-free fiber content; coated paper shall contain a minimum of 10% postconsumer recycled content OR tree-free fiber content. Corporate and franchise papers may be exempted from these minimum postconsumer recycled content requirements if they are not offered by the preferred vendor(s).

3.6.3 Consumable paper products shall be made from recycled fibers, with the following minimum postconsumer content:
Toilet Tissue: 20%, Facial Tissue: 10%, Napkins and Paper Towels: 40%

3.6.4 Durable goods shall be of sufficient quality to allow reuse, refinishing and/or reupholstering in conjunction with remodeling/upgrading or refurbishing.

3.6.5 Purchases of products with VOC off-gassing potential shall be evaluated and lower VOC products purchased where available. The VOC content shall not exceed:

<u>Paints:</u> Interior Flat 50 g/l; Interior Non-Flat 150 g/l; Exterior Flat 100 g/l; Exterior Non-Flat 200 g/l; Anti-Corrosive All Finishes 250 g/l.
<u>General Purpose Cleaning Products:</u> less than 10% VOCs by weight.

Additional products that shall be considered include other building materials, rugs and carpets, furniture and furnishings, laminated products, adhesives, sealants, caulking compounds, and office supplies. An exception may be made for limited-use architectural paints used in historic areas or high-abuse areas if compliant options are not available.

3.6.6 Preference shall be given to product suppliers who provide and take back reusable packaging and shipping pallets. Packaging that is not reusable shall be minimal and recyclable.

3.6.7 Preference shall be given to environmentally responsible service suppliers (e.g., alternative fuel taxis, bicycle rentals, landscaping service, etc.).

LEED FOR EXISTING BUILDINGS

Introduction

LEED for Existing Buildings (LEED for Existing Buildings) maximizes operational efficiency while minimizing environmental impacts. As a leading-edge, consensus-based system for certifying green building performance, operations, and maintenance, LEED for Existing Buildings provides a road map for property managers, portfolio owners, and service providers to drive down operational costs, while increasing occupant productivity in an environmentally responsible manner.

The LEED for Existing Buildings Rating System is a set of voluntary *performance standards* for the sustainable upgrades and operation of buildings not undergoing major renovations. It provides sustainable guidelines for building operations, periodic upgrades of building systems, minor space use changes and building processes.

LEED for Existing Buildings addresses exterior building site maintenance programs, efficient/optimized use of water and energy, purchasing of environmentally preferred products, waste stream management and ongoing indoor environmental quality (IEQ). In addition, LEED for Existing Buildings provides sustainable guidelines for whole-building cleaning/maintenance, recycling programs and systems upgrades to improve building energy, water, IEQ and materials use.

To achieve LEED certification, buildings must meet all Prerequisites in the Rating System and a minimum of 32 points. The flexibility of the Rating System allows building owners, managers and practitioners to determine which credits to pursue based on performance goals. LEED for Existing Buildings ratings are awarded according to the following point thresholds:

- Certified 32–39 points

- Silver 40–47 points

- Gold 48–63 points

- Platinum 64–85 points

LEED for Existing Buildings, together with other LEED products, is intended to provide the existing building stock an entry point into the LEED certification process, both those new to LEED certification and buildings previously certified under LEED-NC.

Overview of LEED for Existing Buildings

LEED for Existing Buildings is a voluntary performance standard for sustainable operations and maintenance of buildings and provides guidelines for sustainable upgrade over time.

LEED for Existing Buildings provides an important opportunity for building owners to lead the way in reducing the environmental impact of buildings.

LEED for Existing Buildings Certification Options

The goal of LEED for Existing Buildings is to help building owners operate their buildings in a sustainable and efficient way over the long term. To achieve this goal, LEED for Existing Buildings will provide certification and re-certification of building operation to recognize building owners' ongoing achievements. This includes both owners who have buildings certified under LEED-NC and those using LEED for the first time. LEED for Existing Buildings can be used to certify the following types of buildings:

• LEED-NC certified buildings seeking ongoing re-certification
• LEED for Existing Buildings certified buildings seeking ongoing re-certification
• Non-LEED buildings seeking initial certification and ongoing re-certification

Building Operating Performance Data

LEED for Existing Buildings certification is based on actual building operating performance, not design expectations. The LEED for Existing Buildings certification application must provide building performance data demonstrating that the building operation meets the LEED for Existing Buildings Prerequisites and credits attempted.

Initial Certification under LEED for Existing Buildings

Initial LEED for Existing Buildings certification for all buildings: In the initial LEED for Existing Buildings certification filing, performance data is required for some credits for the most recent three months of building operations. For those credits, applicants should extrapolate data to approximate one full year of data. Using the LEED for Existing Buildings Letter Templates provided at the time of building registration, teams are required to submit all of the policy statements and documentation, along with performance data.

For buildings initially certified under LEED-NC: LEED-NC reduces the environmental impact of new building construction and creates the opportunity for sustainable building operation. However, delivery of the sustainability potential validated by LEED-NC certification requires successful implementation of an operations and maintenance program that capitalizes on the sustainable design features integrated into an LEED-NC building. To ensure that this potential for sustainable performance is actually delivered, LEED-NC buildings are encouraged to enroll in LEED for Existing Buildings at the time of LEED-NC certification. Performance of buildings that are not actively maintained decline over time. LEED for Existing Buildings provides a mechanism to help building owners and mangers maintain the potential of sustainable building performance verified by LEED-NC certification over the long term.

Re-Certification under LEED for Existing Buildings

LEED for Existing Buildings is the re-certification vehicle for all buildings, including buildings originally certified under LEED-NC or under LEED for Existing Buildings.
LEED for Existing Buildings re-certification applications require performance data for the entire period since the previous LEED for Existing Buildings certification. The period between the

previous LEED for Existing Buildings certification and the current application is called the "performance period." To maintain LEED for Existing Buildings certification, a re-certification application needs to be filed at least once every five years. LEED for Existing Buildings re-certification applications can be filed as often as once per year. The documentation provided with the application needs to include policy statements for information that has changed electronic reports of the building operating performance data for the entire performance period — e.g. five years of performance data for a re-certification application, filed after five years, and one year of performance data for re-certification applications filed after one year.

Annual Re-Certification: Annual re-certification allows building owners, managers and occupants to have the ability to incorporate LEED for Existing Buildings into annual performance reviews, annual budget planning or space leasing contracts. Annual re-certification also provides ongoing feedback so performance deficiencies can be identified and corrected and the positive impacts of improvements can be immediately recognized.

Applicability of LEED for Existing Buildings to Historic Buildings

The flexibility afforded by the LEED Rating System allows for the applicability to historic buildings. LEED for Existing Buildings is a performance not prescriptive standard. Provided the building meets all LEED for Existing Buildings Prerequisites, certification can be achieved by demonstrating achievement of any combination of 32 credits (40% of the 85 points). During the development of LEED for Existing Buildings, the U.S. Department of the Interior's Standards for Treatment of Historic Properties were reviewed and no direct conflicts were identified.

Structure of LEED for Existing Buildings Prerequisites and Credits

LEED Prerequisites and Credits have identical structures.

• The "Intent" section describes the objective of each Prerequisite or Credit.
• The "Requirements" section describes what must be done to earn each Prerequisite or Credit.
• The "Strategies and Technologies" section describes ways for achieving each Prerequisite or Credit
• The "Submissions" section describes what must be submitted to document achievement of each Prerequisite or Credit.

Overview of the LEED for Existing Buildings Participation and Certification Process

To apply for LEED for Existing Buildings certification of your building:

• *Register* your building by going to the USGBC website and following links to the LEED section (www.usgbc.org/leed). From there click on 'Register Your Project' on the left-hand side of the screen and follow instructions for LEED for Existing Buildings. Be sure to log-in if you are a USGBC member to reflect your member discount for the registration fees. When your project registers, you will gain access to the LEED for Existing Buildings Version 2.0 Project Resource page on the USGBC website which includes the LEED for Existing Buildings Version 2.0 Letter Templates and the Quarterly Reporting Template

• *Submittals.* For the LEED certification application submittal and subsequent materials requested during the review process, submit two full copies, and the corresponding certification fee (check payable to U.S. Green Building Council) to the address shown below:

USGBC
1015 18th Street NW
Suite #508
Washington DC 20036
Attention: LEED for Existing Buildings Certification Manager

The project team may submit as much of the documentation by CD as it finds practical. The required materials and suggested formats are as follows:

- ⊕ LEED for Existing Buildings Version 2.0 Letter Templates
- ⊕ Performance Data
- ⊕ Overall project narrative including at least three project highlights
- ⊕ Drawings and photos illustrative of the project:
  - o Site plan
  - o Typical floor plan
  - o Typical building section
  - o Typical or primary elevation
  - o Photo or rendering of project

• *Preliminary Review.* Within 30 days of receipt of materials the USGBC will issue the Preliminary LEED for Existing Buildings Review, noting credit achievement anticipated, pending and rejected credits.

• *Supplementary Submittal.* The project team has 30 days from the receipt of the Preliminary Review to provide corrections and/or additional supporting documents (e.g., calculations, cutsheets and other backup) as a supplementary submittal to the application. Send two copies of all supplementary submittal materials to the USGBC address listed above.

• *Final Review.* The USGBC conducts a Final LEED for Existing Buildings Review of the application within three weeks of receiving the re-submittal and notifies the project contact of certification status.

• *Award.* Upon notification of the LEED for Existing Buildings certification, the project team has 30 days to accept or appeal the awarded certification. Upon the project's acceptance, or if it has not appealed the rating within 30 days, the LEED for Existing Buildings certification is final. The project may then be referred to as a LEED for Existing Buildings certified project. The USGBC presents an award letter, certificate and metal LEED plaque indicating the certification level.

• *Appeal.* If the project team feels that sufficient grounds exist to appeal a credit denied in the Final LEED for Existing Buildings Review, it has the option of appeal. The appeal fee is $500 per credit or prerequisite appealed. A review of these items will occur within 30 days or receipt of the appeal documentation at which time an Appeal LEED for Existing Buildings Review will be issued to the applicant. Two copies of all appeal submittal materials should be sent to the USGBC address listed above.

LEED for Existing Buildings Project Checklist

Sustainable Sites 14 Possible Points

Prereq 1 **Erosion and Sedimentation Control** Required
Prereq 2 **Age of Building** Required
Credit 1 **Plan for Green Site and Building Exterior Management** 2
Credit 2 **High Development Density Building and Area** 1
Credit 3.1 **Alternative Transportation:** Public Transportation Access 1
Credit 3.2 **Alternative Transportation:** Bicycle Storage & Changing Rooms 1
Credit 3.3 **Alternative Transportation**: Alternative Fuel Vehicles 1
Credit 3.4 **Alternative Transportation:** Car Pooling & Telecommuting 1
Credit 4 **Reduced Site Disturbance:** Protect or Restore Open Space 2
Credit 5 **Stormwater Management:** Rate and Quantity Reduction 2
Credit 6.1 **Heat Island Reduction:** Non-Roof 1
Credit 6.2 **Heat Island Reduction:** Roof 1
Credit 7 **Light Pollution Reduction** 1

Water Efficiency 5 Possible Points

Prereq 1 **Minimum Water Efficiency** Required
Prereq 2 **Discharge Water Compliance** Required
Credit 1 **Water Efficient Landscaping:** Reduce Water Use 2
Credit 2 **Innovative Wastewater Technologies** 1
Credit 3 **Water Use Reduction** 2

Energy & Atmosphere 23 Possible Points

Prereq 1 **Existing Building Commissioning** Required
Prereq 2 **Minimum Energy Performance** Required
Prereq 3 **Ozone Protection** Required
Credit 1 **Optimize Energy Performance** 1-10
Credit 2 **On-site and Off-site Renewable Energy** 1-4
Credit 3.1 **Building Operations and Maintenance:** Staff Education 1
Credit 3.2 **Building Operations and Maintenance:** Building Systems Maintenance 1
Credit 3.3 **Building Operations and Maintenance:** Building Systems Monitoring 1
Credit 4 **Additional Ozone Protection** 1
Credit 5.1-5.3 **Performance Measurement:** Enhanced Metering 3
Credit 5.4 **Performance Measurement:** Emission Reduction Reporting 1
Credit 6 **Documenting Sustainable Building Cost Impacts** 1

Materials & Resources 16 Possible Points

Prereq 1.1 **Source Reduction and Waste Management:** Waste Management Policy and Waste Stream Audit Required
Prereq 1.2 **Source Reduction and Waste Management:** Storage & Collection of Recyclables Required
Prereq 2 **Toxic Material Source Reduction:**
Reduced Mercury in Light Bulbs Required
Credit 1 **Construction, Demolition and Renovation Waste Management** 2
Credit 2 **Optimize Use of Alternative Materials** 5
Credit 3 **Optimize Use of IAQ Compliant Products** 2
Credit 4 **Sustainable Cleaning Products and Materials** 3
Credit 5 **Occupant Recycling** 3
Credit 6 **Additional Toxic Material Source Reduction:** Reduced Mercury in Light Bulbs 1

Indoor Environmental Quality 22 Possible Points

Prereq 1 **Outside Air Introduction and Exhaust Systems** Required
Prereq 2 **Environmental Tobacco Smoke (ETS) Control** Required
Prereq 3 **Asbestos Removal or Encapsulation** Required
Prereq 4 **PCB Removal** Required
Credit 1 **Outside Air Delivery Monitoring** 1
Credit 2 **Increased Ventilation** 1
Credit 3 **Construction IAQ Management Plan** 1
Credit 4.1 **Documenting Productivity Impacts:** Absenteeism and Healthcare Cost Impacts 1
Credit 4.2 **Documenting Productivity Impacts:** Other Impacts 1
Credit 5.1 **Indoor Chemical and Pollutant Source Control:**
Non-Cleaning – Reduce Particulates in Air Distribution 1
Credit 5.2 **Indoor Chemical and Pollutant Source Control:**
Non-Cleaning –High Volume Copying/Print Rooms/Fax Stations 1
Credit 6.1 **Controllability of Systems:** Lighting 1
Credit 6.2 **Controllability of Systems:** Temperature & Ventilation 1
Credit 7.1 **Thermal Comfort:** Compliance 1
Credit 7.2 **Thermal Comfort:** Permanent Monitoring System 1
Credit 8.1 **Daylighting and Views:** Daylighting for 50% of Spaces 1
Credit 8.2 **Daylighting and Views:** Daylighting for 75% of Spaces 1
Credit 8.3 **Daylighting and Views:** Views for 45% of Spaces 1
Credit 8.4 **Daylighting and Views:** Views for 90% of Spaces 1
Credit 9 **Contemporary IAQ Practice** 1
Credit 10.1 **Green Cleaning:** Entryway systems 1
Credit 10.2 **Green Cleaning:** Isolation of Janitorial Closets 1
Credit 10.3 **Green Cleaning:** Low Environmental Impact Cleaning Policy 1
Credit 10.4-5 **Green Cleaning:** Low Environmental Impact Pest Management Policy 2
Credit 10.6 **Green Cleaning:** Low Environmental Impact Cleaning Equipment Policy 1

Innovation in Operation, Upgrades and Maintenance 5 Possible Points

Credit 1.1 **Innovation in Operation & Upgrades** 1
Credit 1.2 **Innovation in Operation & Upgrades** 1
Credit 1.3 **Innovation in Operation & Upgrades** 1
Credit 1.4 **Innovation in Operation & Upgrades 1**

Credit 2 **LEED Accredited Professional 1**

NOTE: Entire rating system is 125 pages and available online at www.usgbc.org.

LEED Certification Fees

The certification fee is based on the rating system that the project is certifying under, and the size of the project. This fee is paid when the project team submits documentation for review. The table below outlines the rates

	Less than 50,000 Square Feet	50,000-500,000 Square Feet	More than 500,000 Square Feet	Appeals (if applicable)
LEED for Existing Buildings	Fixed Rate	Based on Square Footage	Fixed Rate	Per credit
Initial Certification Review				
Members	$1,250.00	$0.025 / sf	$12,500.00	$500.00
Non-Members	$1,500.00	$0.030 / sf	$15,000.00	$500.00
Expedited Fee*	$10,000.00 regardless of square footage			$500.00
Recertification Review**				
Members	$625.00	$0.0125 / sf	$6,250.00	$500.00
Non-Members	$750.00	$0.015 / sf	$7,500.00	$500.00
Expedited Fee*	$10,000.00 regardless of square footage			$500.00

The Ambrose's building square footage is 39, 381

EXHIBIT H

Photos of the Ambrose Hotel in Santa Monica and Deirdre Wallace

Deirdre Wallace, CEO

Living Room

Guest Room

Entranceway at Dusk